

State of Alaska
Department of Commerce, Community and Economic Development
Division of Corporations, Business and Professional Licensing

BOARD OF CERTIFIED REAL ESTATE APPRAISERS

MINUTES OF THE TELEPHONIC MEETING

Thursday, March 31st, 2016

These are DRAFT minutes prepared by the staff of the Division of Corporations, Business and Professional Licensing. These minutes have not been reviewed or approved by the Board.

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference of the Board of Certified Real Estate Appraisers was held at the State Office Building, 333 Willoughby Avenue, Thursday, March 31st, 2016 beginning at 1:00 p.m. The meeting was held in Conference Room D, Juneau, Alaska.

Agenda Item #1 **Call to Order/Roll Call** **Time: 1:00 p.m.**

The meeting was called to order by Chair, David Derry at 1:00 p.m.

Board Members Present, constituting a quorum:

David Derry, Certified General Real Estate Appraiser (Chair)
Alfred Ferrara, Certified General Real Estate Appraiser
Robert Tracy, Certified Residential Real Estate Appraiser
Renee Piszczek, Mortgage Banking Executive

Attending from the Division of Corporations, Business and Professional Licensing were:

Laura Carrillo, Licensing Examiner
Charles Ward, Paralegal
Janey Hovenden, Division Director
Martha Hewlett, Administrative Officer
Jay Paff, Investigator

Agenda Item #2 **Review Agenda** **Time: 1:01 p.m.**

Mr. Derry first welcomed new Board member, Robert Tracy, who was recently appointed in the capacity of a certified residential real estate appraiser. The Board then reviewed the agenda. Ms. Carrillo clarified that Elaine Sahlins' application could be reviewed via e-mail or during the meeting, to which Mr. Derry suggested reviewing it under Board Business.

Agenda Item #3 Review/Approve Minutes

Time: 1:04 p.m.

The Board reviewed the minutes from the January 15th, 2016 teleconference meeting. Mr. Ferrara pointed out that page 1 of the meeting minutes erroneously referred to Mr. Ferrara and Mr. Derry as being certified residential real estate appraisers, though they are certified as general real estate appraiser.

TASK:

Ms. Carrillo will correct the January 15th, 2016 meeting minutes to reflect the appropriate credentials of Mr. Ferrara and Mr. Derry.

On a motion duly made by Fred Ferrara, seconded by Robert Tracy and approved unanimously, it was:

RESOLVED to approve the meeting minutes as amended.

Agenda Item #4 Ethics

Time: 1:06 p.m.

There Mr. Derry briefly provided Mr. Tracy with an overview of the ethics item and prompted the Board to disclose any ethics concerns, if any. There were no ethics issues to discuss.

Agenda Item #5 Investigations Report

Time: 1:08 p.m.

Jay Paff joined the room telephonically at 1:00 p.m.

Jay Paff left the room telephonically at 1:15 p.m.

Jay Paff introduced himself to the new Board member, Robert Tracy, and provided an overview of his responsibilities, which involve reviewing investigative complaints that are related to possible statute/regulation violations and USPAP compliance. Mr. Paff then commented that most complaints are initiated by clients and less often from lending institutes. Mr. Derry inquired to Mr. Paff whether the majority of complaints were residentially or commercially related, to which Mr. Paff stated that very rarely does he receive complaints related to commercial/general appraising. He then informed Mr. Tracy that he would be consulting with him during investigative reviews, since he resides in close

proximity, and continued to describe the investigative process as it relates to the Board's involvement. Board members are informed of possible violations and are given the opportunity to provide disciplinary action recommendations, which may include a monetary penalty, however, such recommendations are to be consistent with past Board decisions. Mr. Paff then informed the Board that both he and Ms. Carrillo would be attending the Investigator Level I training in St. Louis in May.

Mr. Paff then presented his Investigative report, which included activity from January 4th, 2016 through March 14th, 2016. Mr. Paff informed the Board that the Division had opened two new matters and closed two matters. There is currently one open matter.

Agenda Item #6 ASC Updates Time: 1:09 p.m.

Mr. Derry addressed the Appraisal Foundation's Discussion Draft of the 2018-2019 Uniform Standards of Professional Appraisal Practice (USPAP), that was sent to all regulatory Boards on January 15th, 2016. Although the deadline for submitting comments was on February 17th, 2016, Mr. Derry asked the Board to provide any feedback on this matter. The Board did not have any comments on specific proposed changes to USPAP, however, Mr. Derry noted that the foundation would likely continue to issue exposure drafts relating possible changes. Some of the changes discussed in the current exposure draft included the definition of, "assignment", the communication of Assignment Results, review of Standards Rules 7-2(c), 7-5, 8-2(v), and Advisory Opinions 1, 18, 21, and 31. The Board will review subsequent exposure drafts when released by the foundations.

Agenda Item #7 Board Business Time: 1:11 p.m.

Charles Ward entered the room at 1:00 p.m.

Charles Ward left the room at 2:38 p.m.

Board Member Updates -

Hearing nothing further on ACS updates, Mr. Derry moved to discussion on the first item of Board Business, board member updates. At the beginning of the meeting, the Board welcomed new Board member, Robert Tracy, who took the residential real estate appraiser seat previously occupied by Lance Cook. Mr. Derry informed the Board that during the recruitment for this position, he had been in contact with certified general real estate appraisers, Bill Ferguson Sitka and Bill Barnes from the Matsu Valley, however, it was later clarified that only residential real estate appraisers could apply for the position. Nonetheless, the Board was very excited to have Mr. Tracy. The public member seat is still vacant.

TASK:

All Board members will encourage individuals to apply for the public seat vacancy, preferably from the Southeast region.

Review applications -

Mr. Derry then moved on to discussing the pending application for Elaine Sahlins, who was applying for certification by reciprocity from California. Mr. Ferrara noted that Ms. Sahlins is licensed in about 10 states. Mr. Derry stated

On a motion duly made by Fred Ferrara, seconded by Renee Piszczek and approved unanimously, it was:

RESOLVED to approve the certified general real estate appraiser application for Elaine Sahlins by reciprocity.

Continuing Education Audit/Petition under 12 AAC 70.200(b) -

Hearing nothing further on reviewing applications, Mr. Derry then addressed an outstanding renewal audit and a petition for continuing education approval under 12 AAC 70.200(b).

On a motion duly made by Fred Ferrara, and in accordance with AS 44.62.310, the Board moved to enter executive session for the purpose of discussing AS 44.62.310(C) relating to continuing education. Staff, Laura Carrillo and Charles Ward are able to remain in the room.

Off Record at 1:30 p.m.

On Record at 2:26 p.m.

On a motion duly made by Dave Derry seconded by Fred Ferrara and approved unanimously, it was:

RESOLVED to go on break.

Off Record at 2:26 p.m.

On Record at 3:34 p.m.

Returning from break, the Board resumed the Board Business discussion of continuing education and the petition discussed under executive session. The Board reviewed the petition and course description included in the Board packet.

On a motion duly made by Fred Ferrara, seconded by Renee Piszczek and approved unanimously, it was:

RESOLVED to deny the continuing education petition filed under 12 AAC 70.200(b) for the course, “The Emerging Marijuana Industry and its Impact on Real Estate” as it does not meet the criteria under 12 AAC 70.210.

Work Product Review Sheets/ Courtesy Reports -

The Board then moved to discussion on work product review sheets, with which the remaining reports left for review were delegated to Mr. Derry. Mr. Derry explained to Mr. Tracy that the intent of the work product review is to check for USPAP compliance, and asked whether he could complete the review for #11, Arctic Gardens. Mr. Tracy agreed and Mr. Derry stated he would be of assistance in showing him how to access the secure site and complete the work product review. Mr. Derry then asked if Ms. Carrillo could post the next set of work product reviews to the Board’s secure site, to which she agreed.

TASK:

Mr. Tracy will complete the work product for #11.

TASK:

Mr. Derry will complete the work products for #'s 12-17.

TASK:

Ms. Carrillo will post the next set of work products to the secure site.

Revised Work Log Verification Form -

Hearing nothing further on work product review sheets, Mr. Derry then addressed the work log verification form, of which he was previously tasked with editing and sending the revised document to Ms. Carrillo. Mr. Derry informed the Board that he had since made corrections to the form, including the need to clarify that the column for work hours pertains to trainees.

Ms. Carrillo informed the Board that she had recently received an inquiry relating to documentable work hours on the verification form; some office managers allocate time to bidding, acquiring maps, and submissions, whereby the trainee’s inability to count these hours creates an overall lower number of hours worked. The Board clarified that only hours that a trainee or appraiser is directly involved in can be used on the form, not hours worked by office managers.

TASK:

Mr. Derry will send the revised work log verification form to Ms. Carrillo.

TASK:

Ms. Carrillo will send an updated to the inquirer regarding documentable work hours.

Frequently Asked Questions Update -

Mr. Derry addressed the FAQ document and the addition of transition applicants. Mr. Derry commented to Ms. Carrillo that the experience hours required for registered trainees transitioning to either a certified residential or certified general real estate appraiser needs to be clarified. To transition to a certified residential, the trainee needs to complete 2,500 hours; to transition to a certified general, the trainee needs to complete 3,000 hours of experience with at least 1,500 hours in non-residential work.

TASK:

Ms. Carrillo will update the FAQ's document to reflect the appropriate number of hours for trainees transitioning to a residential and general real estate appraiser.

Agenda Item #9**Public Comment****Time: 2:45 p.m.**

There was no one available for public comment.

Agenda Item #8**New Business****Time: 2:46 p.m.**

Disciplinary actions –

With no attendees for public comment, the Board addressed New Business, including disciplinary actions. This has been an ongoing discussion in which the Board has requested clarification on suspended fines via the Division's paralegal, Charles Ward. For continuing education consent agreements, Mr. Ferrara suggested that the Board support the \$2,500 suspended civil fine, a letter of instruction, and 2 mandatory audits. Mr. Tracy added that the Board may also want to make a statement supporting a more stringent enforcement of disciplinary actions in the future.

On a motion duly made by Fred Ferrara, seconded by Robert Tracy and approved unanimously, it was:

RESOLVED to support a continuing education disciplinary action of a suspended \$2,500 fine, a letter of instruction, two mandatory audits, fulfillment of deficient continuing education hours, and will support a more stringent enforcement of civil fines in the future.

The Board decided to discuss continuing education actions further at the next meeting. It was suggested that the Board post a statement reflecting the Board's position or intent on issuing disciplinary actions.

TASK:

Mr. Ferrara will draft a position statement relating to the Board's support/handling of continuing education disciplinary actions.

TASK:

Ms. Carrillo will include Charles Ward as a participant in the discussion of disciplinary actions at the next meeting.

Travel Protocol –

Ms. Carrillo briefly addressed the new travel protocol, which was also sent to the Board via e-mail on February 5th, 2016. The new travel protocol requires completion of a Travel Justification Worksheet, and must include a logical analysis of any cost-savings measures that could be accomplished by holding a teleconference rather than an in-person Board meeting. Ms. Carrillo acknowledged that the Board prefers to hold teleconference meetings, but to be prepared to justify a desired in-person meeting by writing a letter of support. Ms. Carrillo referred to an in-person meeting that was recently denied despite Board members arguing in support, which demonstrates the need to clearly demonstrate a true business need for in-person meetings and travel. Ms. Carrillo noted that upper management would equally consider the feedback of Board members and the examiner in the face of the State's budget climate.

Regulations FAQ's Worksheet –

Mr. Derry then addressed the Regulations FAQ's Worksheet. Ms. Carrillo informed the Board that the form was recently drafted by Program Operations Manager, Sara Chambers, with which the intent is to provide the public a concise summary of how imminent regulation changes would affect the profession. Ms. Carrillo added that the form would be posted to the Board's site. For the last question relating to the pros and cons of such regulation changes, Mr. Derry suggested adding verbiage stating that the changes are required by the Appraisal Qualifications Board.

TASK:

Ms. Carrillo will update question #6 relating to why the public need for regulation changes outweighs the negative impacts.

Agenda Item #10 Budget Report

Time: 3:02 p.m.

Division Director, Janey Hovenden and Administrative Officer, Martha Hewlett entered the room at 3:02 p.m.

Division Director, Janey Hovenden and Administrative Officer, Martha Hewlett left the room at 3:30 p.m.

Janey Hovenden and Martha Hewlett joined the room to present the Board's FY16 1st and 2nd quarter reports. Ms. Hewlett informed the Board that they ended with a total licensing revenue of \$25,320, with \$25,123 included in personal services included in the total direct expenditures of \$37,214, and that the Board's ending cumulative surplus was at \$170,105. Ms. Hewlett also touched on travel and contractual services included in direct expenditures and informed the Board that the Division was utilizing a new accounting system, IRIS, which has now dropped the 7 in the 7100 series in the collocation code system; 0120's = personal services, 2000's = travel, 3000's = contractual. Mr. Derry then addressed the asterisk pertaining to the allocation of \$20,000 in allowable third party reimbursements, to which Ms. Hewlett stated that for FY16, it has been updated to \$50,000 across all professions and reflects a monetary estimation based on 50% of unbilled funds.

Mr. Derry then inquired as to whether the Board would be undergoing a fee analysis, as there are concerns about licensing fees remaining relatively high as a result of long-running residual effects of past litigation costs. Director Hovenden stated that although the Board's fees are not currently being analyzed, the analysis would be completed in the near future.

Agenda Item #11 Administrative Business Time: 3:10 p.m.

Hearing nothing further on the Budget Report or Division Updates, the Board moved to discussion on the Board's task list from the January 15th, 2016 meeting.

Task List -

The Board thanked Mr. Ferrara for completing the position statement for trainees and reviewed the tasks delegated at this current meeting.

TASK:

Ms. Carrillo will discuss with Records and Licensing Supervisor, Dawn Hannasch about reimbursement for Ms. Piszczek's participation in an upcoming USPAP course.

Set Meeting dates -

The Board discussed meeting dates and ultimately decided to set their next teleconference meeting date for Thursday, June 1st, 2016 beginning at 1:00 p.m.

Agenda Item #12 Adjourn Time: 3:22 p.m.

On a motion duly made by Robert Tracy, seconded by Renee Piszczek and approved unanimously, it was:

RESOLVED to adjourn the meeting at 3:22 p.m.

Respectfully Submitted by:

Laura Carrillo
Licensing Examiners

Approved by:

David Derry, Chair
Alaska State Board of Certified Real Estate Appraisers